



North Carolina  
Department of Health and Human Services  
**Division of Medical Assistance**  
**Director's Office**

2501 Mail Service Center - Raleigh, N.C. 27699-2501  
Courier Number 56-20-06

Michael F. Easley, Governor  
Carmen Hooker Odom, Secretary

Gary Fuquay, Director

**AMENDMENTS TO MEDICAID MANAGED CARE  
RISK CONTRACT BETWEEN  
THE STATE OF NORTH CAROLINA  
DIVISION OF MEDICAL ASSISTANCE  
AND  
WELLPATH SELECT, INC.**

2003

CONTRACT FOR SERVICES

BETWEEN

THE STATE OF NORTH CAROLINA

DIVISION OF MEDICAL ASSISTANCE

AND

WELLPATH SELECT, INC.

A HEALTH MAINTENANCE ORGANIZATION

This Amendment, entered into this 1<sup>st</sup> day of April 2004, amends that certain Contract entered into on the 13<sup>th</sup> day of August 2003 between the State of North Carolina, Division of Medical Assistance, with a principal place of business located at 1985 Umstead Drive, in the City of Raleigh, County of Wake, State of North Carolina and WellPath Select, Inc., a corporation organized and existing pursuant to laws of the State of North Carolina, which is licensed as a health maintenance organization (HMO), with a principal place of business located at 6330 Quadrangle Drive, Suite 500, in the city of Chapel Hill, County of Durham, State of North Carolina.

WHEREAS, the Division of Medical Assistance of the State of North Carolina (the "Division") is charged with the administration of the North Carolina State Plan for Medical Assistance (the "State Plan") in accordance with the requirements of Title XIX of the Social Security Act, as amended, (the "Act") and Articles 67 and 68 of Chapter 58 of the North Carolina General Statutes and;

WHEREAS, WellPath Select, Inc. (the "Plan") is an entity eligible to enter into a risk contract in accordance with Section 1903(m) of the Act and 42 C.F.R., Parts 434 and 438 and is engaged in the business of providing prepaid comprehensive health care services as defined in 42 C.F.R. Parts 434 and 438 and is licensed as a health maintenance organization ("HMO") by the North Carolina Department of Insurance, pursuant to Articles 67 and 68 of Chapter 58 of the North Carolina General Statutes; and,

WHEREAS, the Division desires to contract with health maintenance organizations to obtain services for the benefit of certain Medicaid Recipients residing in the county of Mecklenburg; and,

WHEREAS, the Plan has provided to the Division continuing proof of its capability to provide quality services efficiently, effectively, and economically during the term of this Contract, and continuing proof of its financial responsibility, including adequate protection against the risk of insolvency, upon which the Division relies in entering into this contract;

NOW THEREFORE, the parties hereby agree as follows:

1. Section 1.7 of the Contract is replaced in its entirety with the following:

**1.7 Disputes**

If a dispute arises under this Contract, which cannot be disposed of by agreement between the Division and the Plan, the Plan shall request a reconsideration review before the Division. Such request shall be made in writing no later than thirty (30) days from the date of the initial written determination letter from the Assistant Director for Managed Care and Regulatory Affairs. This review is an informal proceeding and shall proceed in accordance with 10 NCAC 22J. Pursuant to 10 NCAC 22J, if the Plan disagrees with the reconsideration review decision it may request a hearing pursuant to N.C.G.S. 150B-23. The Plan shall proceed diligently with the performance of this Contract until the reconsideration review decision is rendered, and in the event the Plan requests a hearing pursuant to N.C.G.S. 150B-23, until the final agency decision is rendered.

The Plan, by signing this contract, agrees and submits, solely for matters concerning this contract, to the exclusive jurisdiction of the courts of North Carolina and agrees, solely for such purpose, that the only venue for any legal proceeding shall be Wake County, North Carolina.

2. Section 2.2 of the Contract is replaced in its entirety with the following:

**2.2 Initial Term**

The term of this contract shall begin at 12:01 a.m. on August 13, 2003 and shall continue until 12:00 midnight on September 30, 2005, subject but not limited to the provisions in Section 13 – Default and Termination and Section 10.4 – Calculation of Rates.

3. Section 2.3 of the Contract is replaced in its entirety with the following:

**2.3 Renewal Term**

This Contract is a two-year, forty eight day contract, and may be renegotiated at the end of this two year, forty eight day period.

4. Section C, on page 2 of APPENDIX IX, GRIEVANCE PROCEDURES, is replaced in its entirety, except for the last two paragraphs of such Section C, with the following:

**C. Service Authorizations and Notices of Action**

Action is defined in Appendix I, 1.1 and below, as the:

1. denial or limited authorization of a requested service (including the type or level of service);
2. reduction, suspension, or termination of a previously authorized service;
3. denial, in whole or in part, payment for a service;

4. failure to provide services in a timely manner. The Plan must ensure that appropriate services are available as stated in Section 6.5, Appointment Availability of this contract; or
5. failure of the Plan to act within the timeframes.

Any decision to deny a service authorization request or to authorize a service in an amount, duration, or scope that is less than requested, must be made by a health care professional who has appropriate clinical expertise in treating the enrollee's condition or disease.

The Plan must notify the requesting provider and enrollee of any decision to deny a service authorization request, or to authorize a service in an amount, duration, or scope that is less than requested. The notice of adverse action to the provider need not be in writing, the enrollee notice must be in writing.

The Notice of Adverse Action must explain:

1. the action the Plan has taken or intends to take;
2. the reasons for the action;
3. the member's or provider's right to file an appeal;
4. how to contact the consumer relations or member services office and how to file an appeal with the Plan;
5. the circumstances under which an expedited resolution is available and how to request it;
6. for members, the right to file an informal or formal appeal with the State pursuant to 10 NCAC 22H and how to obtain more information about those procedures; the circumstances under which health services must be continued;
- 6a. For provider and subcontractors, the right to file an appeal with the State pursuant to 10 NCAC 22J;
7. that filing or resolving a grievance through the Plan's internal grievance system is not a prerequisite to filing an informal or formal appeal with the State pursuant to 10 NCAC 22H;
8. how to request that benefits be continued and the circumstances under which the enrollee may be required to pay the costs of these services; pending resolution of the grievance, appeal or state fair hearing;
9. how to request that benefits be continued and the circumstances under which the enrollee may be required to pay the costs of these services, pending resolution of the grievance, appeal or state fair hearing;
10. the right of the member in an informal appeal to represent himself or use legal counsel, a relative, a friend or other spokesman, and of the potential availability of free legal services;
11. the right to enroll in another Plan if the Member is not satisfied at the end of the grievance process or State appeal process;
12. that Member has a right to a second opinion if medically necessary, at the Plan's expense and how to exercise that right;
13. the specific regulations that support, or the change in Federal or State law that requires, the notice of fair hearing.

5. Capitalized terms not otherwise defined in this Amendment shall have the meanings ascribed to them in the Contract.

6. All other terms, conditions and provisions of the Contract and its attachments and exhibits shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed on the date first set forth above by their duly authorized representative.

State of North Carolina  
Division of Medical Assistance  
Managed Care Section

WellPath Select, Inc.  
Health Maintenance Organization

\_\_\_\_\_  
Program Administrator    Date

\_\_\_\_\_  
President/CEO            Date

\_\_\_\_\_  
Gary Fuquay, Director    Date

\_\_\_\_\_  
Corporate Secretary    Date